



Auditors' Spring Conference

New Legislation

Brian E. Bailey

Commissioner

Department of Local Government Finance

May 26, 2010



Road Map

Assessment Changes

Real Property Records

Deductions

Certified Tech Park Deduction

Libraries: Budget and Bond Review and Approval

Max Levy Calculation

Controlled Projects

Tax Sales

Provisional Tax Bills

LOIT



Assessment Changes

- HEA 1086-2010 (IC 6-1.1-4-4.4)
- If an assessor makes changes to a parcel's characteristics—including age, grade, or condition—from the previous assessment year, the assessor must document those changes and the reasons for the changes
- In any appeal of the assessment, the assessor has the burden of proving each change was valid



Assessment Changes

- SEA 396-2010 (IC 6-1.1-4-4.5)
- Effective 2010-pay-2011
- Highest market value year dropped
- Use only the five lowest market value years out of a rolling six-year comparison
- New 2010 base rate is \$1,290 per acre (previously \$1,400)



Assessment Changes

- HEA 1086-2010 (IC 6-1.1-4-4.6)
- This amendment clarifies the requirement for the county assessor to complete the annual adjustment process and roll gross assessed values to the auditor on or before July 1.



Assessment Changes

- If petitioned, the DLGF has the discretion to order a reassessment or conduct a reassessment
- County assessor determines land values and submits them to PTABOA no later than July 1, 2011



Assessment Changes

- HEA 1086-2010 (IC 6-1.1-4-13.6)
- County assessor determines land values and submits them to PTABOA no later than July 1, 2011 and every fourth year thereafter
- County assessor performs this duty even for townships that have a township assessor
- If the county assessor fails to perform this duty, the PTABOA is responsible
- If the PTABOA fails to perform this duty, the DLGF is responsible



Assessment Changes

- HEA 1086-2010 (IC 6-1.1-4-13.6 continued)
- Property owners may challenge the assessor's determination of land values by filing a petition for review with the DLGF
- The petition must be signed by the lesser of 100 property owners in the county or 5% of property owners in a county
- Once the DLGF receives a petition, it must hold a hearing and then afterwards approve, modify, or disapprove the land values



Assessment Changes

- HEA 1086-2010 (IC 6-1.1-4-31)
- Removes authority of the DLGF to rescind an order for a state-conducted assessment or reassessment



Real Property Records

- HEA 1086-2010 (IC 6-1.1-5)
- Before an auditor may record a subdivision plat or consolidate contiguous parcels into a single parcel for taxation purposes, delinquent property taxes must be paid in full to the county treasurer



Deductions

- SEA 223-2010; IC 6-1.1-12-1
- Mortgage deduction can be received for any mortgage, installment loan, or other instrument or memorandum including a home equity line of credit
- Must be recorded with county recorder
- Balance must exist on the recorded instrument
- Public notice will be displayed in auditor's office regarding eligibility and penalties for perjury



Deductions

- HEA 1086-2010 (IC 6-1.1-12-9)
- Technical change or clarification that recipients of the Over 65 deduction are also entitled to the supplemental homestead deduction



Deductions

- HEA 1086-2010 (IC 6-1.1-12-24)
- Pertains to the deadline for filing the rehabilitated property deduction for a building erected at least 50 years before application is filed
- If notice of the addition to assessed valuation for any year is not given by December 1 (changed from December 31) of that year, the application may be filed not later than 30 days after the notice is mailed to the property owner
- Same as deduction for building erected under 50 years



Deductions

- HEA 1086-2010 (IC 6-1.1-12-26)
- Change to calculation of solar energy heating or cooling deduction
- Amount of deduction is now the out-of-pocket expenditures by the owner (or a previous owner) of the real property or mobile home for both the components and labor involved in installing them
- The deduction applies to solar energy heating or cooling system used for domestic hot water, space heat, or pool heating or preheating for an industrial process



Deductions

- HEA 1086-2010 (IC 6-1.1-12-26 continued)
- Proof of out-of-pocket expenditures may be demonstrated by invoices or other evidence of a purchase or installation



Deductions

- HEA 1086-2010 (IC 6-1.1-12-37)
- Technical change to statute that states “homestead” includes a deck, patio, gazebo, or other residential yard structure—other than a swimming pool—that is attached to the dwelling



Certified Tech Park Deduction

- HEA 1086-2010 (IC 6-1.1-12.7)
- Effective July 1, 2010
- Deduction for qualified personal property in a certified technology park
- First available 2011-pay-2012
- Equal to 100% of the assessed value for each year specified in the adopted ordinance
- Ordinance must be adopted prior to January 1 of the first year the deduction is claimed



Certified Tech Park Deduction

- HEA 1086-2010 (IC 6-1.1-12.7 continued)
- The term “qualified personal property” doesn’t include property used primarily to conduct routine administrative tasks such as office communications, accounting, record-keeping, and human resources
- An ordinance adopted under this chapter may not allow a deduction for property installed after March 1, 2015



Certified Tech Park Deduction

- HEA 1086-2010 (IC 6-1.1-12.7 continued)
- An ordinance adopted under this chapter may not allow a deduction for property installed after March 1, 2015
- Ordinance is subject to review and approval by the Indiana Economic Development Corporation
- Ordinance must specify number of years (no less than two, no more than ten) deduction is allowed



Libraries: Budget and Bond Review and Approval

- HEA 1086-2010 (IC 6-1.1-17-20, -20.5)
- If a public library was originally established by a city or town, the library will submit its budget to the city or town unless more than 50% of parcels of real property within the jurisdiction of the library are located outside the city or town
- The same rule applies to determine the proper fiscal body (county or city) to approve issuance of bonds or lease (if before 12/31/10)



Max Levy Calculations

- HEA 1086-2010 (IC 6-1.1-18.5-1)
- Changes effective beginning 2010-pay-2011
- Cash Balances
 - Unit may petition for adjustment to max levy based on the use of cash balances
 - May apply if the unit's tax levy for the ensuing year is lower than the max levy for the preceding calendar year because of use of cash balances
 - DLGF will be issuing guidance soon



Max Levy Calculations

- HEA 1086-2010 (IC 6-1.1-18.5-10.5)
- Fire Protection Levy

For any fire protection territory established before August 1, 2001, a unit's max levy for taxes due and payable in 2009 may not increase annually by a percentage greater than the result of: the assessed value growth quotient minus one. Because this law became effective on March 25, 2010, it will apply for taxes payable in 2011 and beyond.



Max Levy Calculations

- HEA 1086-2010 (IC 6-1.1-18.5-10.5 continued)
- Fire Protection Levy

To obtain an increase in the max levy, a unit should submit a petition to the Department **“in the year immediately preceding the first year”** in which the unit levies a tax to support the fire protection territory. The petition must be filed on or before October 19 of the year immediately preceding the ensuing calendar year. In other words, for taxes payable in 2011, the petition must be filed on or before October 19, 2010.



Max Levy Calculations

- HEA 1086-2010 (IC 6-1.1-18.5-10.5 continued)
- Fire Protection Levy

The Department has discretion to grant or deny an increase to the max levy. In making its decision, the Department shall consider the amount the unit is obligated to provide to meet the expenses of operation and maintenance of the fire protection territory, including the unit's reasonable share of the operating balance.



Controlled Projects

- SEA 401-2010 (IC 6-1.1-20)
- Effective July 1, 2010
- Personal property mobile/manufactured homestead owners may now participate in the petition and remonstrance process
- Previously only real property owners and registered voters could participate



Controlled Projects

- HEA 1086-2010 (IC 6-1.1-20)
- Officers of political subdivision must send notice to circuit court clerk of:
 - meeting to consider adopting a preliminary determination to issue bonds or enter into a lease for a controlled project
 - If adopted, preliminary determination itself
 - Applicability of petition/remonstrance process



Controlled Projects

- HEA 1086-2010 (IC 6-1.1-20-3.6)
- DLGF now reviews description of controlled project that appears on the ballot for any public question approved by the county election board after June 30, 2010
- DLGF will be reviewing for accuracy and neutrality
- County election board makes final decision



Controlled Projects

- HEA 1086-2010 (IC 6-1.1-20-3.6 continued)
- County auditor certifies finally approved public question to the county election board
- Certification must occur no later than 60 days before a primary election or August 1 for general election



Controlled Projects

- HEA 1086-2010 (IC 6-1.1-20-3.8)
- Political subdivision can opt for a referendum question even if the project would otherwise be governed by the petition/remonstrance process



Tax Sales

- HEA 1086-2010 (IC 6-1.1-24)
- Effective July 1, 2011
- Requires delinquent property taxes to be paid in full before a property can be removed from a tax sale list



Tax Sales

- HEA 1324-2010 (IC 6-1.1-24-6.8)
- Eligible vacant parcels must:
 - Have a county lien from prior tax sale
 - Be unimproved on date of sale
 - Be legally eligible for residential construction
 - Be contiguous to at least one parcel with occupied residential homestead structure
- Successful applicant can purchase vacant property for \$1
- Purchased property eligible for exemption



Tax Sales

- HEA 1183-2010
- Court direction needed to issue tax sale surplus claim warrant to owner of record who acquired property after tax sale or someone who is not the owner of record including those with power of attorney
- New section IC 6-1.1-24-7.5 protects property owners by placing limitations and requirements on tax sale surplus agreements
- New subsection IC 6-1.1-25-11(d) concerns the effect of invalidation of the tax sale on paid surplus claims



Provisional Tax Bills

- HEA 1059-2010
- County required to issue provisional bill if auditor fails to deliver abstract to treasurer by April 1
- Provisional bills issued 15 days prior to May 10 due date
- A county may request a waiver for requirement if it can issue bills with a due date no later than June 10



LOIT

- Extends time for which an ordinance imposing, increasing, or decreasing a LOIT may be adopted from August 1 to November 1 (this deadline has been temporarily extended to November 1 in each of the past two years)
- County auditor now calculates LOIT homestead rate



Contact the Department

- **Brian E. Bailey**
 - Telephone: 317.234.5720
 - Fax: 317.232.8779
 - E-mail: bbailey@dlgf.in.gov
- Web site: www.in.gov/dlgf
 - “Contact Us”: www.in.gov/dlgf/2338.htm



Overview

- 2009 Year in Review at DLGF
- Property Tax Relief
- Our Mission: Restoring Property Tax Billing Cycle



2009: “A Year in Review”

- Forged relationships and improved communication with taxpayers, legislators, counties and taxing units
- Established Core Values and Mission of On-time Billing
- Streamlined ratio study review and data compliance processes
- Tax bills due 2 months or 36% sooner in 2009



Property Tax Relief



Effective Tax Rates

■ 2007

- Homestead = **0.95%**
- Other Real Property = **1.96%**
- Personal Property = **2.22%**

■ 2008

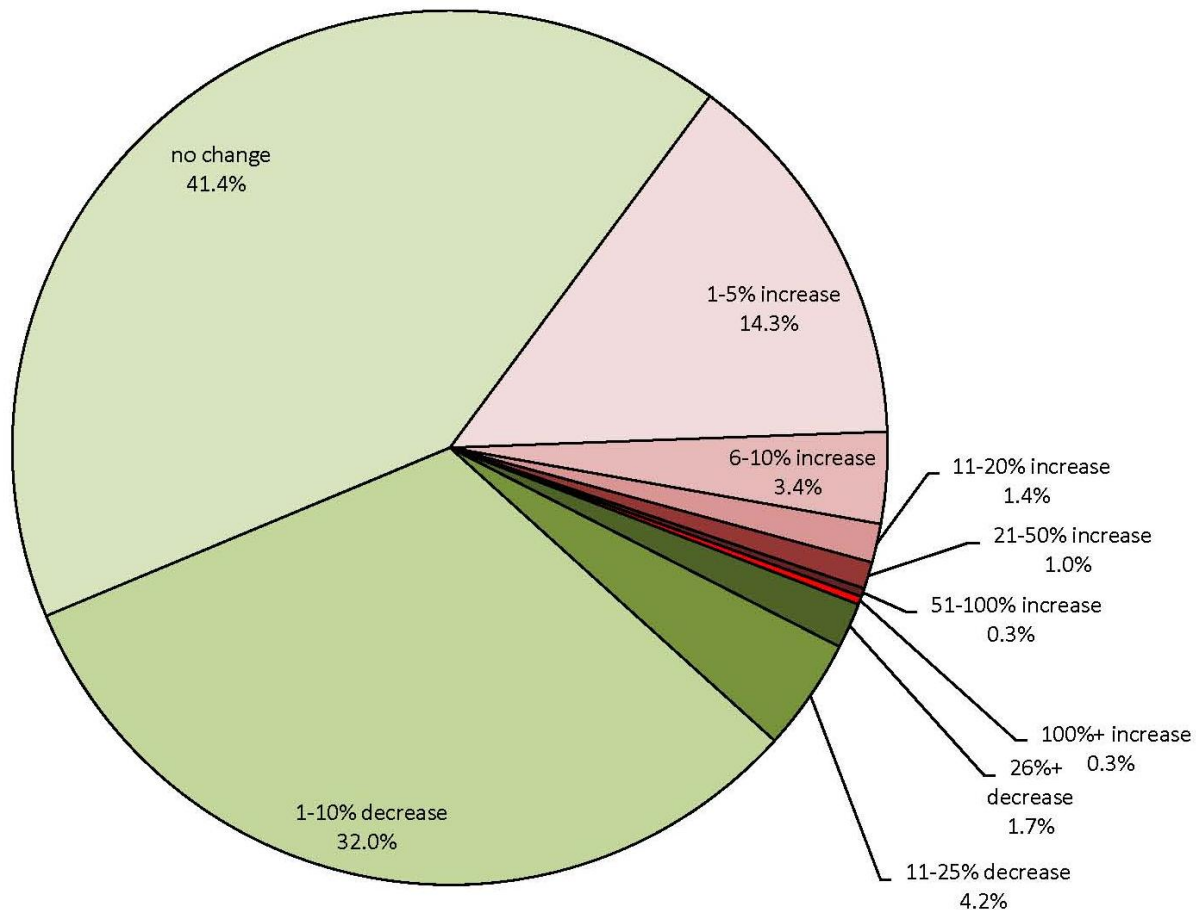
- Homestead = **0.59%**
- Other Real Property = **1.60%**
- Personal Property = **1.78%**

■ 2009

- Homestead = **0.57%**
- Other Residential, Ag Land, Long Term Care Facilities = **1.89%**
- Businesses and Other Property = **1.99%**



Pay09 – Pay10 Change in Residential Gross AV

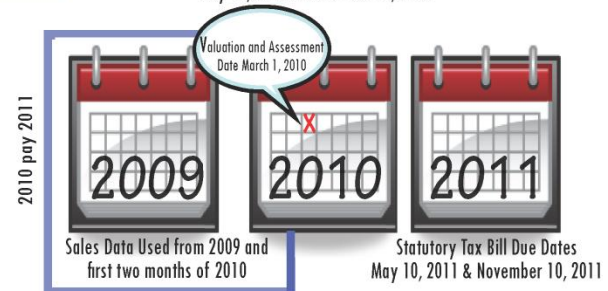
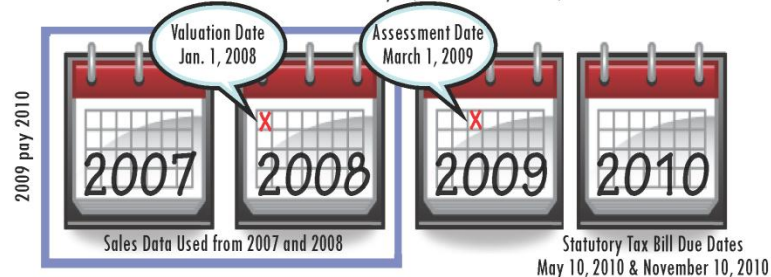
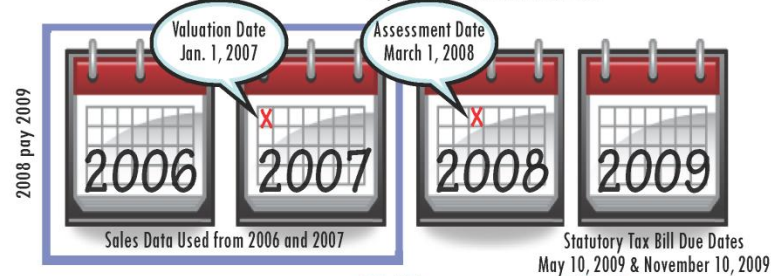
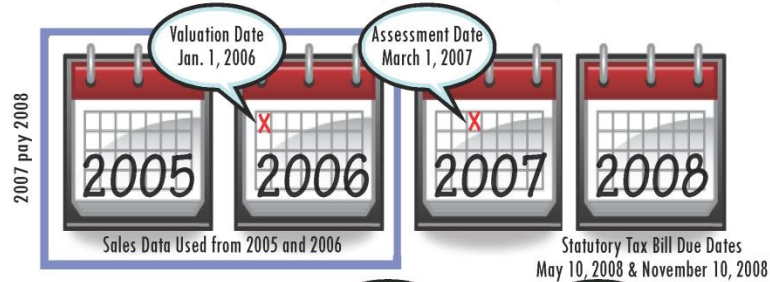
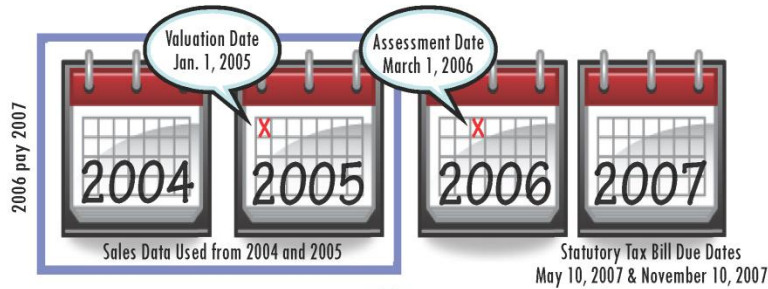




2007 to 2009

Gross Assessed Value Changes

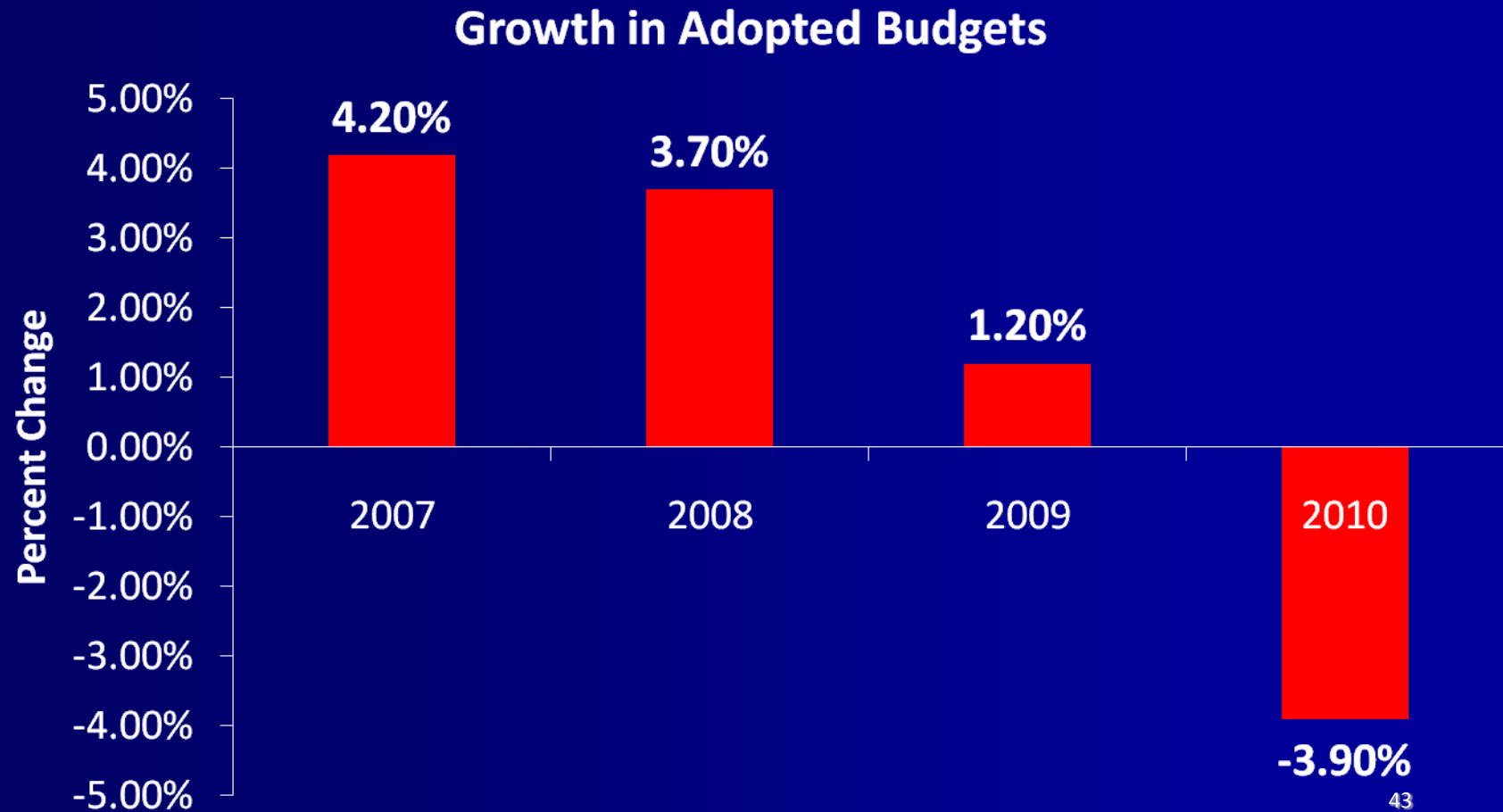




Assessment Date vs. Valuation Date
Department of Local Government Finance



Adopted Budget History





Property Tax Relief

- Circuit Breaker Caps took effect at 1.5%, 2.5% and 3.5% of property's gross assessed value in 2009.
- Beginning in 2009, State assumed \$3 billion in local spending.
- Many property owners will see additional cuts in 2010 as the caps drop to 1%, 2% and 3%.
- State-provided property tax relief has increased since 2007.
- Homeowner tax bills fell 3.3% on average from 2008 to 2009.



Restoring On-Time Property Tax Billing



2010: “The Year of No Excuses”

In response to this challenge, the DLGF Team has accomplished the following:

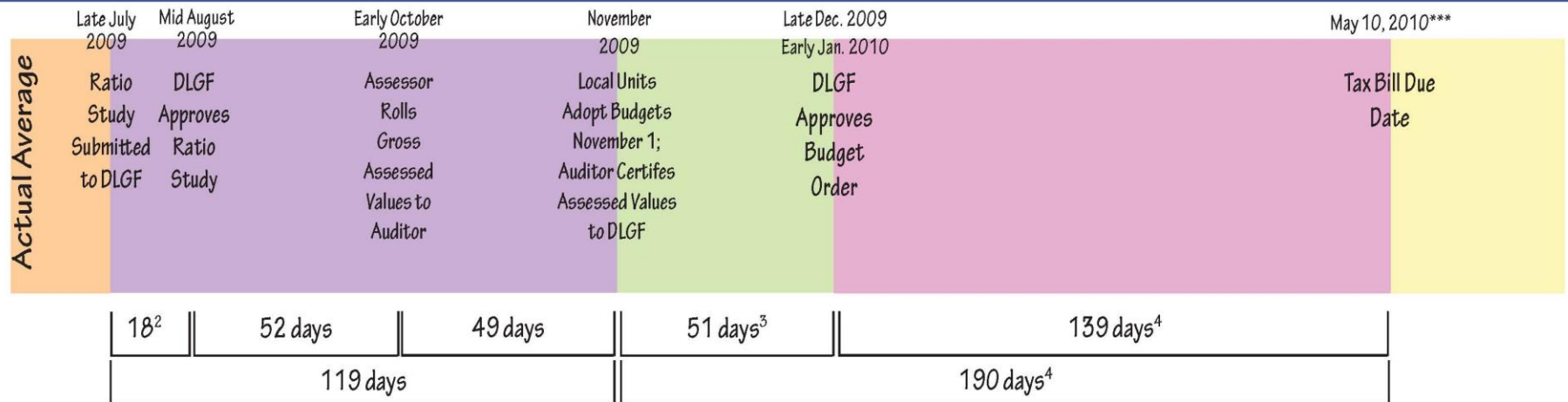
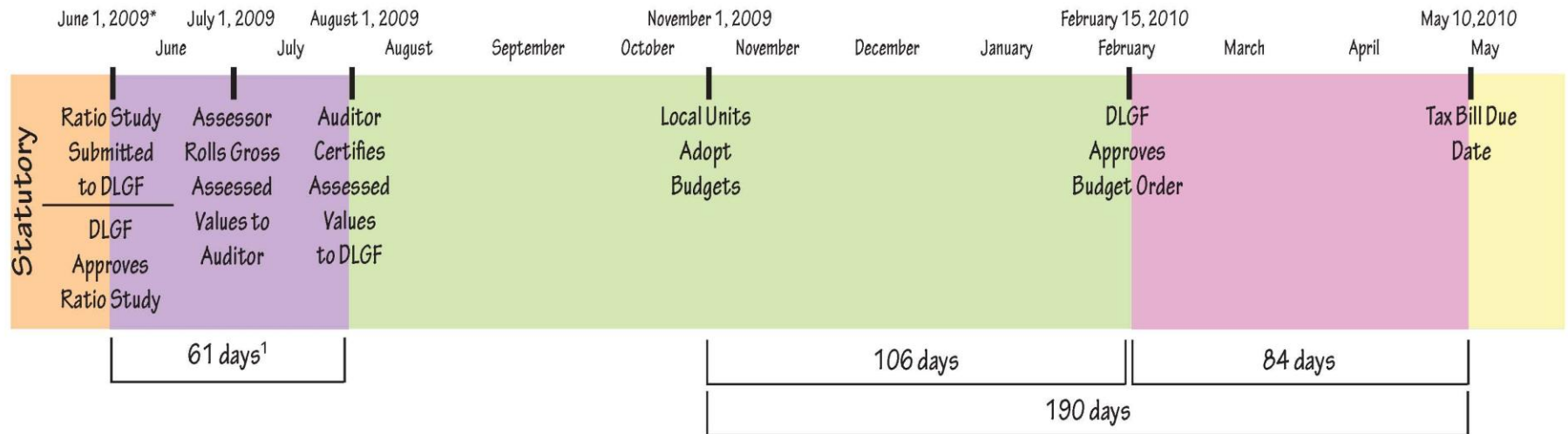
- Streamlined the data compliance process for assessment-sales ratio study approval purposes;
- Simplified the annual adjustment rule to allow for the use of only one year of sales and repealed the previous guidance that assessments be changed even if assessment level and uniformity statistical measures were within international standards; and
- Established a goal to issue 2010 budget orders within 60 days from receipt of certified net assessed values from the county auditor.



Restore On-Time Billing

- Reduce turnaround time for review and approval of ratio studies (includes counties w/data compliance issues)
 - 2007 pay 2008 – 60 days
 - 2008 pay 2009 – 55 days
 - 2009 pay 2010 – 18 days
 - 2010 pay 2011 - 12 days
- Reduce turnaround time for budget certification once certified assessed values are received (or local budget have been adopted)
 - 2007 pay 2008 – 45 days
 - 2008 pay 2009 – 39 days
 - 2009 pay 2010 – 51 days

Comprehensive Assessment and Budget Timeline 2009 pay 2010



¹Not a statutory deadline

²Data compliance required, resubmission possible

³Average calculated from latter of November 1 or date of net assessed value certification

⁴Projections based on May 10, 2010 average tax bill due date



2010 Achievements

- At least 84 counties will achieve on-time property tax billing
- Remaining counties (excepting one) will bill approximately four months ahead of pay-2009.
- 85% improvement from pay-2008 to pay-2010



2008 pay 2009 Budget Certification Status Map

As of May 25, 2009

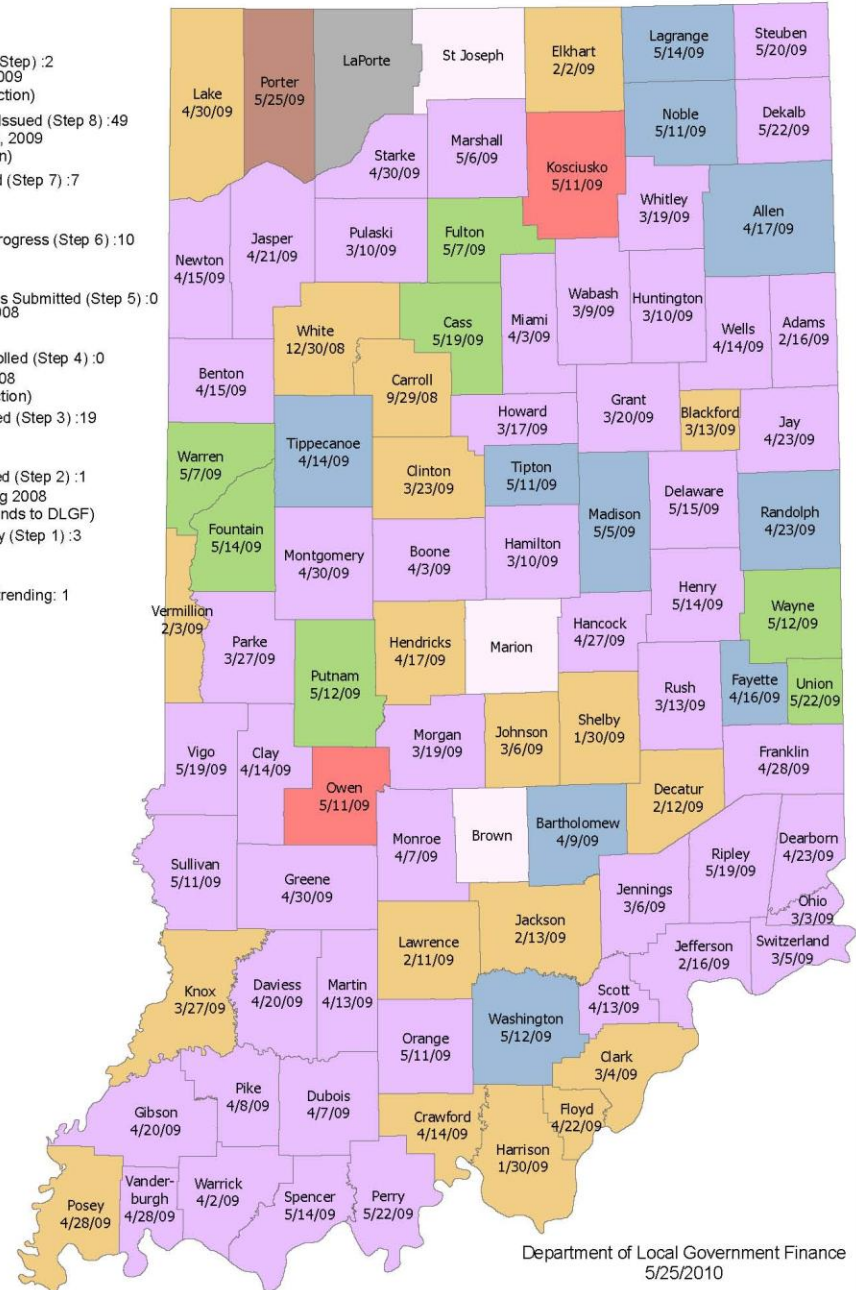
2009 Budget Certification status as of May 25, 2009

Status Maps:

<http://www.in.gov/dlgf/6827.htm>

Indiana Counties

- Tax Bills Due (Final Step) :2
Due May 10, 2009
(Co. Treasurer Action)
- Final Budget Order Issued (Step 8) :49
Due February 15, 2009
(DLGF Action)
- 1782 Notices Issued (Step 7) :7
(DLGF Action)
- Budget Review in Progress (Step 6) :10
(DLGF Action)
- Net Assessed Values Submitted (Step 5) :0
Due August 1, 2008
- Assessed Values Rolled (Step 4) :0
Due July 1, 2008
(Co. Assessor Action)
- Sales Ratio Approved (Step 3) :19
(DLGF Action)
- Sales Ratio Received (Step 2) :1
Due Spring 2008
(Co. Assessor sends to DLGF)
- Awaiting Ratio Study (Step 1) :3
- State is performing trending: 1



Department of Local Government Finance
5/25/2010



2009 pay 2010 Budget Certification Status Map

As of May 25, 2010

2010 Budget Certification status as of May 25, 2010

Status Maps:

<http://www.in.gov/dlgf/6827.htm>

Indiana Counties

- Tax Bills Due (Final Step) :87
Due May 10, 2010
(Co. Treasurer Action)
- Final Budget Order Issued (Step 8) :0
Due February 15, 2010
(DLGF Action)
- 1782 Notices Issued (Step 7) :1
(DLGF Action)
- Budget Review in Progress (Step 6) :0
(DLGF Action)
- Net Assessed Values Submitted (Step 5) :0
Due August 1, 2009
- Assessed Values Rolled (Step 4) :0
Due July 1, 2009
(Co. Assessor Action)
- Sales Ratio Approved (Step 3) :3
(DLGF Action)
- Sales Ratio Received (Step 2) :0
Due Spring 2009
(Co. Assessor sends to DLGF)
- Awaiting Ratio Study (Step 1) :0
- State is performing trending: 1

NOTE: The current color indicates the previous step has been completed in full or approved.

A date indicates the date a county reached their most recently completed step.

1 indicates 2008 Sales data compliance.

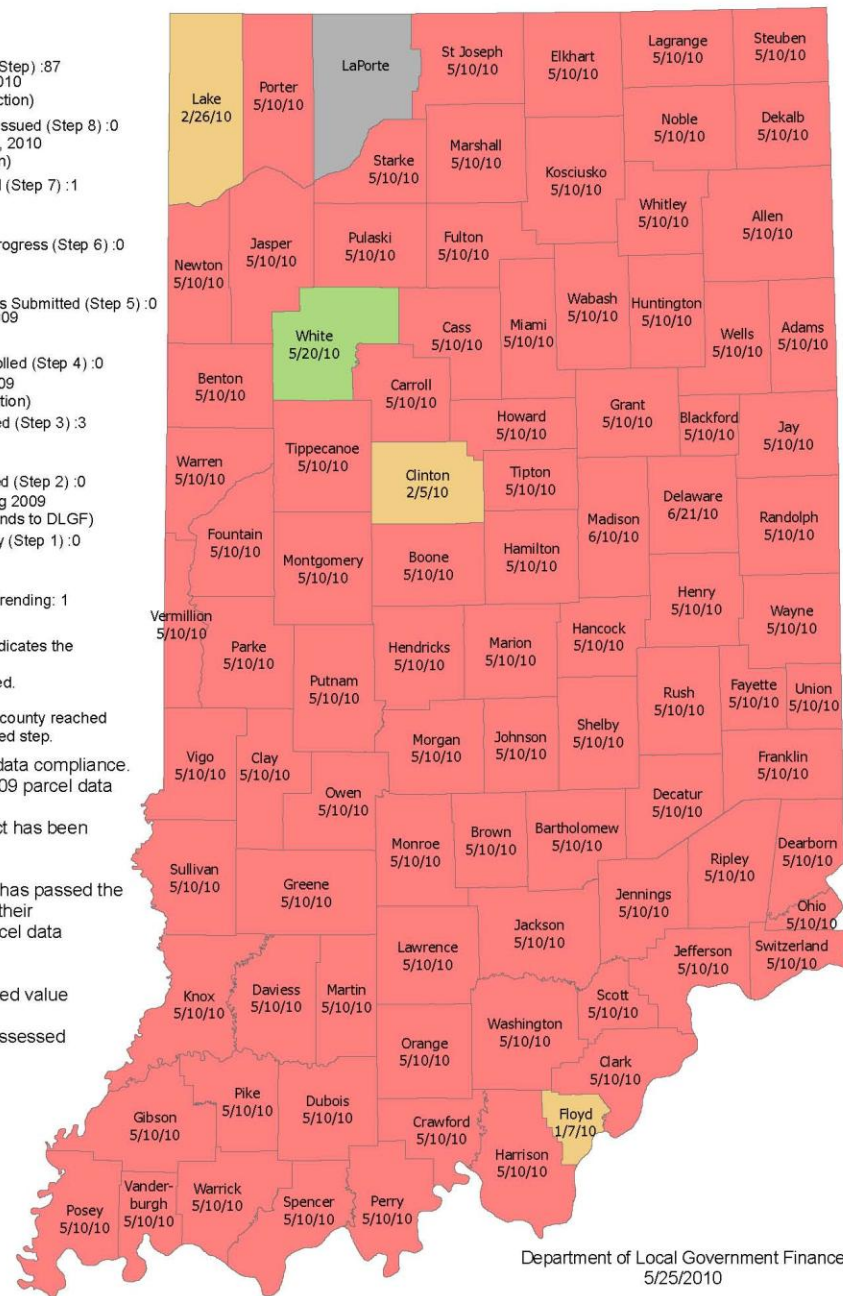
2 indicates 2008 pay 2009 parcel data compliance.

3 indicates 2009 abstract has been completed.

M-W indicates a county has passed the Mann-Whitney test and their submitted sales and parcel data sets are fully compliant.

R: Real property assessed value roll date

PP: Personal property assessed value roll date



Department of Local Government Finance
5/25/2010



2010 pay 2011 Budget Certification Status Map

2011 Budget Certification status as of May 25, 2010

Status Maps:

<http://www.in.gov/dlgf/6827.htm>

Indiana Counties

- Tax Bills Due (Final Step) :0
Due May 10, 2011
(Co. Treasurer Action)
- Final Budget Order Issued (Step 8) :0
Due February 15, 2011
(DLGF Action)
- 1782 Notices Issued (Step 7) :0
(DLGF Action)
- Budget Review in Progress (Step 6) :0
(DLGF Action)
- Net Assessed Values Submitted (Step 5) :0
Due August 1, 2010
- Assessed Values Rolled (Step 4) :0
Due July 1, 2010
(Co. Assessor Action)
- Sales Ratio Approved (Step 3) :19
(DLGF Action)
- Sales Ratio Received (Step 2) :18
Due Spring 2010
(Co. Assessor sends to DLGF)
- Awaiting Ratio Study (Step 1) :55
- State is performing trending: 0

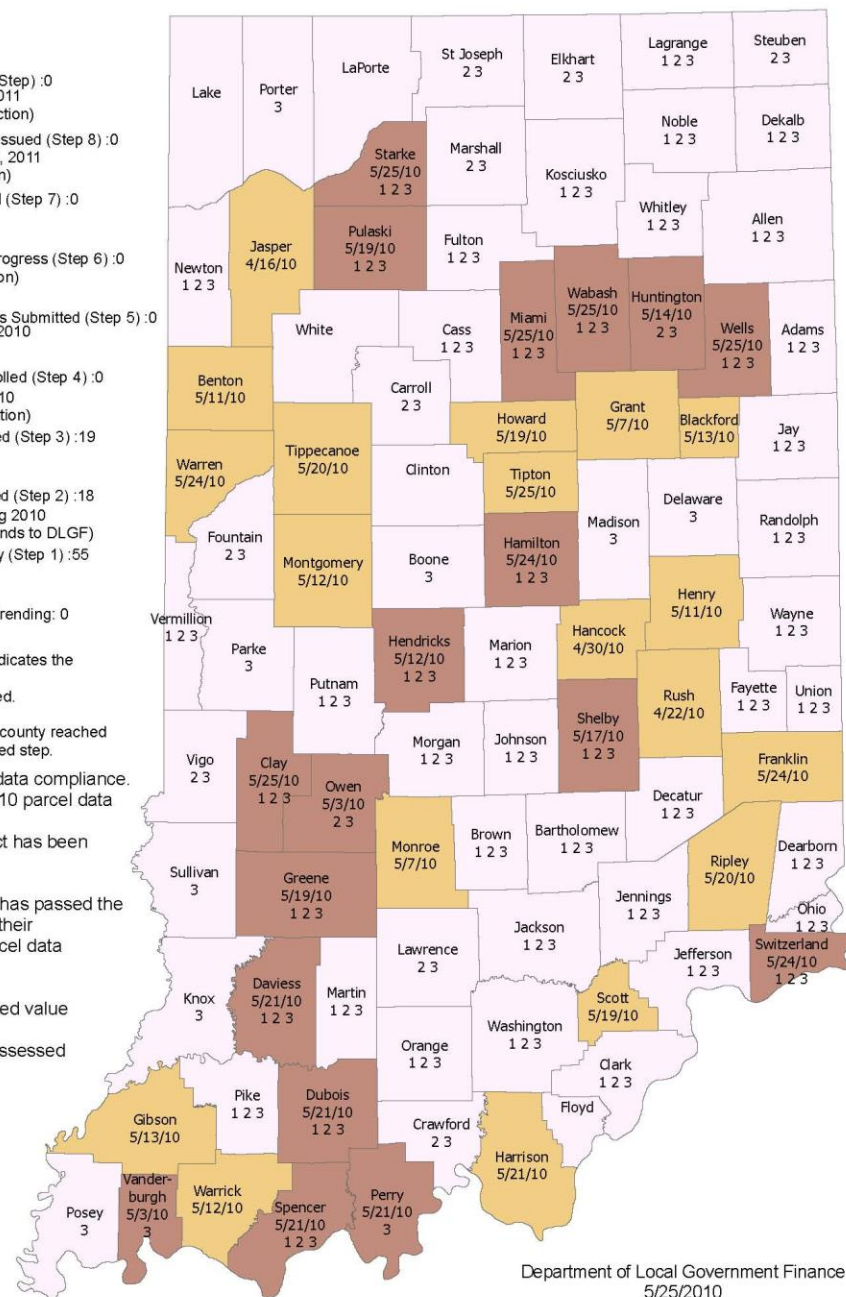
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1 indicates 2009 Sales data compliance.
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3 indicates 2010 abstract has been completed.

M-W indicates a county has passed the Mann-Whitney test and their submitted sales and parcel data sets are fully compliant.

R: Real property assessed value roll date
PP: Personal property assessed value roll date





2011: Timeliness, Tools and Transparency

- **Timeliness**
 - Statutory deadlines must be met
- **Tools**
 - DLGF provides property tax and credit rate calculators
 - DLGF provides Circuit Breaker allocation calculator
 - DLGF provides standard reports
- **Transparency**
 - Additional review, education and training



Contact The Department

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